



GARY R. HERBERT
Governor
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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

January 9, 2015

Todd Wilhite
Wall & Rock Inc.
3651 N 100 E, Ste. 300
Provo, Utah 84064

Subject: Transfer of Mine Permit to Boyd Brothersen, Wall and Rock Inc., Freedom from War Mine, S/039/0024, Sanpete County, Utah

Dear Mr. Wilhite:

This letter is part of ongoing penalty and settlement negotiations between you and the Division of Oil, Gas and Mining concerning the Freedom from War mine. Issues associated with other mine sites will be addressed separately.

At the meeting held on October 20, 2014, you and the Division tentatively agreed to a course of action regarding the Freedom from War mine, S/039/0024. This letter memorializes that agreement and sets forth the requirements for approving a transfer of the Freedom from War mine's operating permit, including the Notice of Intention to Commence Small Mining Operations (or NOI) and the existing reclamation surety, to Boyd Brothersen.

This transfer involves two main components: (1) the transfer of the NOI to Mr. Brothersen; and (2) the reassignment of the reclamation surety to Mr. Brothersen. As discussed during the October meeting, the Division takes note of your willingness and participation in the penalty negotiations and wishes to facilitate this transfer by deducting the dollar value of the surety from the outstanding fines.

For the transfer as tentatively agreed upon to be acceptable, the Division requires these steps and will take these actions:

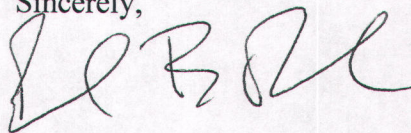
1. You must complete and notarize pages 1-2 of Form MR-TRS, Application for Transfer of Notice of Intention to Commence Small Mining Operations (enclosed). The completed form should be returned to the Division by January 15, 2015.
2. The Division will continue to work directly with Mr. Brothersen to complete the paperwork required of him. Mr. Brothersen has completed his portion of the transfer application request form (MR-TRS).
3. You must reassign the reclamation performance surety, currently held in Zions Bank Certificate of Deposit (CD) _____, into Mr. Brothersen's name. This process requires that you draft a letter to the Division (a) asking the Division to demand the principle of the CD from Zions Bank; and (b) acknowledging that the principle will be posted as a reclamation surety in Mr. Brothersen's name

to ensure reclamation of the Freedom from War mine (S/039/0024). The letter can indicate the consideration provided in paragraph no. 6 below and must be signed and delivered to the Division by January 15, 2015.

4. The Division will then demand the principle of the CD from Zions Bank and complete the reassignment by posting it as a cash reclamation bond in Mr. Brothersen's name. Zions Bank will return the accrued interest from the CD to you.
5. After the Division is satisfied with the permit transfer and surety reassignment, it will approve the permit transfer, and your reclamation liability on the Freedom from War Mine will terminate.
6. The Division will reduce the outstanding fines against you by the amount of the reassigned bond, including any penalties assessed by Zions Bank against the CD.

The Division believes that a permit and bond transfer presents the best opportunity for a successful resolution of the Freedom from War Mine situation. Please contact the Division or its attorneys with any questions.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:jr:pnb:pb

Enclosure: Form MR-TRS, Application for Transfer of Notice of Intention to Commence Small Mining Operations

cc: Shane Petersen
Douglas Crapo
John Robinson
Boyd Brothersen

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
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**APPLICATION FOR TRANSFER
OF
NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS**

Application is hereby made to transfer the permit to commence small mining operations for the
Freedom From War _____ project, permit # S/039 / 0024, currently
operated by Wall & Rock Inc. _____ (transferor)
to Boyd Brothersen _____ (transferee).

As used herein, TRANSFEROR refers to the current operator; TRANSFEE refers to the proposed new operator; NOI refers to the Notice of Intention to Commence Small Mining Operations; PERMIT refers to the approved (or accepted) NOI, including the reclamation contract and reclamation surety.

Upon approval of the Application for Transfer:

1. The Transferor agrees to transfer all rights and obligations to operate under the terms of the NOI to the Transferee, The Transferor will not retain any rights to conduct small mining operations within the area covered by the approved NOI.
2. Both parties understand the transfer of the ***NOI is not complete until all the applicable requirements are met***, including the submittal and Division approval of an appropriate reclamation surety and a reclamation contract.
3. The transferee has read and has a copy of the current NOI.
4. The Transferee has inspected the site and is fully aware of all existing conditions and responsible for compliance with the conditions of the permit and the obligations regardless of the nature of the conditions at the site.
5. Transferee shall conduct large mining operations on lands included in the NOI in accordance with the Utah Mined Land Reclamation Act, (ACT) Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended), and the rules promulgated under the ACT (R647- et seq., and the approved NOI.
6. The Transferee shall provide a surety in a form and amount approved by the Division to assure reclamation of the lands affected by the mining operations.

The **Transferor** will remain liable for compliance at the mine site until this transfer application is approved.

The signatory below represents that he/she has authority to execute this transfer on behalf of the Transferor, if not a natural person. Statements made in the application are true and correct to the best of my knowledge and belief.

TRANSFEROR:

Wall & Rock Inc.

Operator/Transferor Name

By Todd Wilhite

Name of Authorized Officer (Typed or Printed)

President

Title of Authorized Officer

Officer's Signature

Date

STATE OF _____)

) ss:

COUNTY OF _____)

On the ____ day of _____, 20 ____, Todd Wilhite
personally appeared before me, who being by me duly sworn did say that he/she is
an President (owner, officer, director, partner, agent or other (specify))
of the Operator Wall & Rock Inc.
and duly acknowledged that said instrument was signed on behalf of said Operator
by authority of its bylaws, a resolution of its board of directors, or as may otherwise
be required to execute the same with full authority and to be bound hereby.

Notary Public

Residing at

My Commission Expires:

The signatory below represents that he/she has authority to execute this transfer on behalf of the Operator/Transferee, if not a natural person; and the operator/transferee is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah. Statements made in the application are true and correct to the best of my knowledge and belief.

TRANSFeree:

Boyd Brothersen

Operator/Transferee Name

By Boyd Brothersen

Name of Authorized Officer (Typed or Printed)

Owner

Title of Authorized Officer

Officer's Signature

Date

STATE OF _____)

) ss:

COUNTY OF _____)

On the ____ day of _____, 20 ____, _____
personally appeared before me, who being by me duly sworn did say that he/she is
an _____ Owner _____ (owner, officer, director, partner, agent or other (specify))
of the Operator _____ Boyd Brothersen
and duly acknowledged that said instrument was signed on behalf of said Operator
by authority of its bylaws, a resolution of its board of directors, or as may otherwise
be required to execute the same with full authority and to be bound hereby.

Notary Public

Residing at

My Commission Expires: